

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



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OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of

CHW GROUP, INC, doing  
business as CHOICE HOME WARRANTY  
and [www.ChoiceHomeWarranty.com](http://www.ChoiceHomeWarranty.com),  
VICTOR MANDALAWI, "JAMES MOSS,"  
DAVID BAILEY, STEVEN SAFDIEH,  
MICHAEL GUTHOLC  
Unauthorized Individuals and Entities,

Respondents.

No. 10-0199

ORDER TO CEASE  
AND DESIST

Hearings Unit, DIC  
Patricia D. Petersen  
Chief Hearing Officer

Pursuant to RCW 48.02.080, RCW 48.15.020, RCW 48.15.023, RCW 48.110.030, and RCW 48.110.055, the Insurance Commissioner of the State of Washington orders the above-named Respondents, and their officers, directors, trustees, employees, agents, and affiliates ("Respondents") to immediately cease and desist from:

- A. engaging in or transacting the unauthorized business of insurance or acting as an unregistered service contract provider in the State of Washington;
- B. seeking, pursuing and obtaining any insurance or service contract business in the State of Washington and from participating, directly or indirectly, in any act of an insurance company or service contract provider;
- C. soliciting Washington residents to sell any insurance or service contract issued or to be issued by an unauthorized insurer or unregistered service contract provider;
- D. soliciting Washington residents to induce them to purchase any insurance contract or service contract.

THIS ORDER IS BASED ON THE FOLLOWING:

1. Respondent CHW Group, Inc. was incorporated in New York by Jack A. Aini and also in New Jersey by Aini & Lazar PLLC. The New York corporation's principal place of business is 244 Madison Avenue, New York, New York, 10016, and the New Jersey corporation's principal place of business is 510 Thornall Street, Edison, New Jersey, 08837. Both corporations do business as Choice Home Warranty and [www.ChoiceHomeWarranty.com](http://www.ChoiceHomeWarranty.com). The corporations' President is Victor Mandalawi (who is also principal and sole stockholder/owner) and "James Moss." Other CHW Group Inc. officers include David Bailey (Vice President of Customer Service), Steven Safdieh (Vice President of Sales & Marketing), and Michael Gutholc (Vice President of Contractor Relations.) Respondents have sold at least ninety-two (92) home warranty service contracts.

to Washington residents covering repair or replacement on major systems and appliances in the purchaser's home and promising that Choice Home Warranty will pay for repair or replacement of such systems and appliances in the event such systems or appliances fail. These contracts constitute both a service contract under RCW Chapter 48.110 *et seq* and also a contract to indemnify another or pay a specified amount upon determinable contingencies -- "insurance" under RCW 48.01.040.

2. None of the Respondents is authorized to transact insurance in Washington and none is registered in Washington as a service contract provider.

3. Respondents' above-described conduct violates the Insurance Code of the State of Washington, including RCW 48.05.030, certificate of authority required, RCW 48.15.020, solicitation by unauthorized insurer prohibited, and RCW 48.110.030, service contract provider registration required.

IT IS FURTHER ORDERED THAT Respondents, within ten (10) days of the date of this order, shall mail a copy of this order to each Washington resident to whom Respondents have sold a home warranty service contract, and that Respondents report to the OIC all premiums collected or charged for policies they sold covering Washington risks.

IT IS FURTHER ORDERED that nothing herein shall prevent Respondents from fulfilling the terms of contracts formed prior to the effective date of this Order pursuant to RCW 48.15.020(2)(b), from providing a refund when requested by a Washington consumer pursuant to RCW 48.15.030, or, upon request of the OIC, further ordering the replacement of Respondents' Washington contracts with an authorized insurer pursuant to RCW 48.15.020(3).

Any violation of the terms of this Order by Respondents, their officers, directors, agents, or employees, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, 48.15.023, and other applicable sections of the Insurance Code of the State of Washington.

Respondents have the right to demand a hearing pursuant to RCW Chapters 48.04 and 34.05. This Order shall remain in effect subject to the further order of the Commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Tumwater, Washington, this 21<sup>st</sup> day of October, 2010.

MIKE KREIDLER  
Insurance Commissioner

By: 

Alan Michael Singer, Staff Attorney  
Legal Affairs Division